



HOUSE OF COMMONS

LONDON SW1A 0AA

The Rt. Hon. Boris Johnson MP
Prime Minister, First Lord of the Treasury and Minister for the Civil Service
10 Downing Street
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23 October 2019

Thank you for visiting my constituency, the Isle of Wight, in June. We were delighted to welcome you to the Island. During your time here, we spoke about my campaign for an 'Island Deal'. You were kind enough to speak positively about achieving such a settlement that recognised - and responded to - my constituency's unique circumstances. I am also grateful that you reiterated that intent in the House of Commons on 25th September.¹

I am writing to set out what I believe an Island Deal could consist of, having regard for the Government's wider priorities (including those set out in the recent Queen's Speech). I put this forward with the full support of the Isle of Wight Council.

In Brief

- This letter consists of an evidence-based case, which outlines the additional costs of providing public services on the Isle of Wight. The additional needs of Scottish islands are recognised in the Special Islands Needs Allowance.² We believe the Isle of Wight also deserves an Island Needs Allowance.
- The priority areas are in the provision of local authority services (£7.1 million per annum, adjusted from 2015/16 figures), healthcare (£10.96 million per annum), and the integration of health, social care and public services in a combined model, which should in time produce savings, and serve as an example for integrated care and wider public service provision.
- Other areas include: infrastructure (including agriculture), housing provision and cross-Solent transport (ferries).

¹ Hansard, Prime Minister's Update, 25 September 2019, Volume 664, <https://hansard.parliament.uk/Commons/2019-09-25/debates/AD2A07E5-9741-4EBA-997A-97776F80AA38/PrimeMinisterSUpdate#contribution-0B938FB5-B262-48DA-94D6-15D2512DEDEB>, (accessed 21 October 2019).

² *Empowering Scotland's Island Communities*, published by the Scottish Government, 16 June 2014, <https://www.gov.scot/publications/empowering-scotlands-island-communities/pages/4/>, (accessed 21 October 2019).

Introduction

The Isle of Wight is the largest constituency (in terms of population) in the UK. Our distinct geography presents a number of challenges. As the only substantial English island not accessible by bridge, we are dependent on ferry services to the UK mainland. Unlike other lifeline or railway services, these ferries are neither subsidised nor regulated and are some of the most expensive per mile in the world. By comparison, the total annual subsidies to Scottish ferry operators is £168.7m.³

There is a wealth of evidence to show the significant additional cost of providing public services on islands to the same level as that enjoyed on neighbouring mainlands. Multiple national and international studies over the past 30 years have found historic and structural economic challenges of island status as a result of “*severance by sea*”. These include: extra costs from self-sufficiency, absence of centrally-funded infrastructure, higher factor prices and diseconomies of small-scale activity.⁴

To support islands, the UK government has tended either to provide a fixed link, as in the case of Skye, or an increased level of support, as with other Scottish islands. The Isle of Wight has had neither. I believe that the Government must, to be fair and equitable to the Isle of Wight, provide one or the other. The arguments made in this letter are specifically linked to additional costs caused by dint of the Isle of Wight’s separation by sea from the mainland of England.

The Island has ambitious plans to change, and we have much to offer. For instance, we have a remarkable scientific and cultural heritage. The hovercraft was designed and built on the Island. We have not only built seaplanes, but also designed, built and tested Black Knight and Black Arrow rockets. Thrust II, the world’s fastest car at the time, and the SAMSON Radar system, a key part of the country’s naval defence system, was also built here. The Island has a unique environment, with over half defined as an Area of Outstanding Natural Beauty. Earlier this year the UN listed the Island as a UN Biosphere Reserve, recognising specifically, our “*strong tradition of environmental action*”, and the way in which Islanders work with the environment. We have a strong community and a strong tourism offer. With the right support, the Isle of Wight has a bright economic future and we have a bigger role to play in supporting our regional economy - offering more opportunities to my constituents.

The Isle of Wight Council is championing a regeneration-led approach to addressing the Island’s challenges and is looking to overturn a lack of investment, which has been an issue for many years. It is laying firm foundations for future developments, but the process takes time to deliver results and is restricted by limited capital and revenue funds available to the local authority. Although it actively pursues many forms of grant funding made available by the Government, the Island’s bids are often disadvantaged by the *Green Book* approach to their assessments. The impact of successful bids would be significant for the Island, but are unlikely to ever stand in favourable comparison against the assessment in relation to mainland areas.

The Isle of Wight Council is under significant financial pressure and has saved £86m between 2011/12 and 2019/20, even though the costs of providing social care to an elderly population (see further below) has continued to rise throughout this period. Current projections are that the council must save a further £13.5m over three years from 2020/21, before the specific impacts of the Spending Review are known. It is, however, anticipated that the great majority of any benefit arising from the Spending Review would be used in meeting the costs of rising demand in the system.

³ *Transport Scotland’s ferry services*, prepared by Audit Scotland, October 2017, p. 16, https://www.audit-scotland.gov.uk/uploads/docs/report/2017/nr_171019_ferry_services.pdf (accessed 25 September 2019).

⁴ These include: *An island apart, the cost of severance by Sea for the Isle of Wight*, New Systems Group, 1989; *An evaluation of the additional cost associated with providing county council service on an island*, Milford, S., 1991; *Wight Weighting: the case for a special Island grant*, Coopers & Lybrand, 1996; *The effects of being an island: Economic Development Unit*, Isle of Wight Council, 2002; *Isle of Wight Health and Care Sustainability Plan*, Isle of Wight NHS Trust, Isle of Wight Council, Hampshire and Isle of Wight Partnership of Clinical Commission Groups, January 2019.

The Scottish Islands Needs Allowance specifically recognises the additional challenges that those islands face and provides additional funding to help meet them. The Isle of Wight's similar challenges do not have the same benefit, although the *Fair Funding Review* in England can help to rectify this. For the first time, the Government has recognised the "unique cost pressures... associated with providing services on an island".⁵ I ask that these circumstances are factored into the Island Deal.

Proposed Elements for an Island Deal and Funding Settlement

1. Local Government Services

The University of Portsmouth's 2015 study, entitled *The Impact on Physical Separation from the UK Mainland on Isle of Wight Public Service Delivery*, estimated that the **annual additional cost** of providing local government services on the Island from 2015/16 was £6.4 million,⁶ which is an additional three percent on the public service provision. The inflation-adjusted figure is now £7.1 million.

The study broke this figure down into three areas.

The first is forced self-sufficiency - the lack of spill-over of public goods provision to and from neighbouring authorities. We have an obligation to provide a service on the Island, but sometimes we cannot share costs and access with the mainland.

The second extra cost is the 'island premium', which refers to the additional cost of conducting business on and with the Isle of Wight. For the provision of public services, that may refer to the relatively higher prices that may be charged by contractors or reflected in the price of goods and services. We try to be as competitive as possible but, clearly, within a confined space there are limits.

The third extra cost is what the university has described as "dislocation"— the costs associated with physical and perceived separation from the mainland. Sometimes referred to as "isolation", it is a common characteristic of many small islands: smaller area, smaller population and smaller market than neighbouring mainlands.

We are asking that an agreed formula be devised which provides an uplift, which recognises these additional challenges.

2. NHS Provision on the Isle of Wight

Secondly, I ask that the Government addresses the significant additional costs of healthcare on - and patient travel from - the Isle of Wight. In July the Secretary of State for Health & Social Care agreed that "*on Island healthcare costs, ... the Isle of Wight is unique in terms of its health geography*" and "*there are places in this country probably including the Island, almost certainly, where healthcare costs are increased.*"⁷

The Island's NHS Trust states that "*the Island's population is around half of that normally needed to sustain a traditional District General hospital.*"⁸ Due to a smaller-than-average district general hospital population, the

⁵ A Review of Local Authorities' Relative Needs and Resources, Ministry of Housing, Communities and Local Government, December 2018, p. 42 (para 2.3.19), https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764487/Review_of_Local_Authorities_Relative_Needs_and_Resources_consultation_document.pdf (accessed 12 September 2019).

⁶ Phase 2: Impact of Physical Separation from the UK Mainland on the Isle of Wight Public Service Delivery, University of Portsmouth Economics and Finance Department.

⁷ Hansard, NHS Long-Term Plan: Implementation, 01 July 2019, Volume 662, <https://hansard.parliament.uk/Commons/2019-07-01/debates/5A1FF460-0229-435A-BA17-CA49E86255FC/NHSLong-TermPlanImplementation#contribution-ACB5D0B0-E520-4E62-B5F8-927698789B5E>, (accessed 12 September 2019).

⁸ Transforming Acute Services for the Isle of Wight, Programme Report to the Government Body, Isle of Wight Clinical Commissioning Group, 1 February 2018, p. 4,

tariffs received are fewer, but we still have the costs of running services to the same standards. The Island's NHS Trust, in its January 2019 sustainability plan,⁹ estimates that the annual additional costs of providing a similar level of healthcare on the island as enjoyed by mainland residents is as follows:

- The additional cost of providing 24/7 acute services is assessed to be £8.9 million
- The additional cost of providing ambulance services (including coastguard helicopter ambulance services) is assessed at £1.5 million

There is also a significant issue with patient travel. In 2017/18, there were 31,314 'episodes of planned care' on the mainland related to Isle of Wight residents, which translated to 44,608 healthcare journeys to the mainland.¹⁰ The Isle of Wight Council funds some cancer patient travel, although it is under no obligation to do so. The ferry operators, in addition, offer reduced fares (again with no obligation to do so, thereby meaning that such concessions are always at risk of being lost).

I believe that the same standards should be applied to the Island as apply to the Isles of Scilly. *The National Health Service (Travel Expenses and Remission of Charges) Regulations 2003* sets out that any Scilly Isles resident not entitled to payment in full of NHS travel expenses (in line with low income criteria) will pay a maximum of £5 for their travel costs.¹¹ Taking multiple types of transport whilst undergoing hospital treatment is time-consuming and uncomfortable. I would ask that a £5 maximum fare be agreed, to be funded as part of the Isle of Wight Settlement. Our circumstances are no different to those on the Isles of Scilly, and there is a need for parity of approach for English islands.

- The costs for patient travel by ferry is assessed at £560,000

3. Local Agricultural Infrastructure

The Isle of Wight is over 80 percent rural. Our rural economy is important to the economic prosperity of the Island. However, we are hampered by our dependence on the mainland. For example, due to UK and EU regulations, an Island abattoir became uneconomic. Livestock is transported off the Isle of Wight for slaughter, even if it is then imported back for sale locally, at the cost at least £70 per animal. This adds costs, fuel miles and is much less humane. There are a number of key pieces of infrastructure required to provide the opportunities outlined above for local agricultural industry:

- **Livestock: Abattoir capital investment** - this would allow many more producers to gain access to the local market as well as develop profitable specialist export supply chains
- **Dairy: Tanker & extra milk storage facilities** - this would allow more dairy producers to gain access to the local market and achieve a profitable price for their milk and products
- **Cereals & Grains: New grain storage, central fertiliser storage, animal feed milling facility, grain/cereal milling & processing facilities** - this infrastructure would allow farmers to improve efficiency through economies of scale and allow the Island to be more self-sufficient and sustainable
- **Vegetables & Fruits: Box erector** - at the moment local farmers import flat-packed produce boxes which are manually erected. There are ongoing quality issues with these boxes. A box erector would allow

<https://www.iow.nhs.uk/Downloads/My%20life%20a%20full%20life/ASR%20Programme%20Report%20for%201st%20Feb%202018%20w.%20appendices.pdf> (accessed 12 September 2019).

⁹ *Isle of Wight Health and Care Sustainability Plan*, Isle of Wight NHS Trust, Isle of Wight Council, Hampshire and Isle of Wight Partnership of Clinical Commission Groups, January 2019, p. 76.

¹⁰ *Patient Transport Analysis*, Isle of Wight Clinical Commission Group, received by Isle of Wight Member of Parliament November 2018, slide 3.

¹¹ *The National Health Service (Travel Expenses and Remission of Charges) Regulations 2003*, <https://www.legislation.gov.uk/uksi/2003/2382/regulation/9> (accessed 21 October 2019).

farmers to machine erect boxes on the Island; to buy in erected boxes would multiply shipping costs significantly

In consultation with local farmers, it is estimated these facilities would cost several million pounds, but under £10 million. Some costs can be supported locally, but grants and Government funding would enable a circular and more prosperous rural economy.

4. Housing: The Need for Exceptional Circumstances

I urge the Government to consider the exceptional circumstances for the Island and agree with it achievable and realistic housing targets.

The Island's house-building target is 9,615 houses over 15 years.¹² This figure, derived from national methodology, is undeliverable, unsustainable and unrelated to island need. The housing methodology does not attempt to estimate any requirement or local need. As it is based on a projection, it ignores the Isle of Wight's specific development and policy aims - and its physical limitations. The Isle of Wight's exceptional circumstance means that these targets will be particularly damaging, resulting in a cycle of youth out-migration and a lower performing economy.

The Island's separation by sea also makes it challenging for the utility service providers to provide the basic service infrastructure necessary to meet these demanding targets. Electricity and sewage are at capacity and a third of our water comes from the mainland. Our local building firms can just about build 200-300 units per year. Major national builders do not want to invest in the Island. We cannot set ourselves up for failure by agreeing targets we will have no hope of fulfilling.

To support the Island's agenda, very little financial support is required, although we need to be able to access some of the funds available for local authorities with a Housing Revenue Account. By supporting smaller building firms on the Island, we expect a positive impact on the economy.

I urge the Government to support the Isle of Wight's case for exceptional circumstances and to work with the Council to establish a means to build affordable housing for Islanders, young and old.

As part of a significantly better land use strategy, I look forward to the Government working with me to ensure that more land on the Island is protected. I would also look to campaign for the Isle of Wight to become a National Island Park in due course.

5. One Public Service

I am calling for a unique public authority on the Isle of Wight which combines the work of our local authority and the work of our NHS Trust and Clinical Commissioning Group (CCG) to capitalise on the unique opportunities in our Island community.

The Isle of Wight is a distinct and defined community with specific demographic, social care and financial pressures within the local authority and NHS Trust. The ONS estimates (2016) over 25 percent of our population is aged over 65 and this is predicted to increase regardless of the debate over exceptional circumstances for housing. In the 10 years from 2018, the number of people over 85 will increase by 40

¹² *Draft Island Planning Strategy Development Plan*, November 2018, Pg.7, <https://www.iow.gov.uk/azservices/documents/2981-Final-Draft-IPS-for-Consultation.pdf> (accessed 12 September 2019).

percent.¹³ Adult Social Care is the largest single spending department¹⁴ in the Isle of Wight; 5 percent of the population use more than one third of health and care resources “without a fully comprehensive care model for their needs”,¹⁵ and 43 percent of patients medically fit to leave waited over a week to be discharged. Just one example of the specific “community” healthcare needs in our Island community is dementia. Our prevalence has previously been the highest in England,¹⁶ recently double the England average. The number of people living with dementia has been predicted to increase by 23 percent by 2024.¹⁷ Equally, the Isle of Wight NHS Trust had the highest rate of adult mental health admissions in England, with the shortest length of stay.¹⁸

“The current configuration of acute services will be unsustainable” according to the *Transforming Acute Services for the Isle of Wight* report;¹⁹ coupled with issues such as the “revolving door” for mental health show we require a new and specific approach to health and social care on the Island, and one which looks afresh at how public services are provided in an island community.

I wrote to the former Chief Secretary to the Treasury to ask whether she would support this One Public Service pilot scheme. I welcome her statement that “the Isle of Wight provides a good opportunity to look at how we can do things differently, how we can integrate services, to cut down on bureaucracy and put more money on the front line”.²⁰ I ask that this Government considers a combined funding pot for public service provision on the Isle of Wight, creating deep and meaningful integration. This will also merit the exploration of combined leadership and governance of public services, with democratic accountability through the ballot box.

The need for this is increasingly pressing, as the impact on public services is evident to my constituents, and those (such as the Conservative leadership of the Isle of Wight Council) who serve them. Securing this funding will not only cover our additional costs but allow us to capitalise upon our unique opportunities, play a bigger role in a more prosperous Britain and, as a testbed area, lead the development of pilot schemes such as integrated services. A settlement for the Island is long overdue and would be warmly welcomed by the community I serve.

In the medium and long-term, a successful One Public Service estate will save many millions of pounds in administrative costs, allowing more money to go to frontline services and staff.

6. Transport

As referenced further above, the Isle of Wight is the only substantial English island not accessible by bridge, and reaching the Island is entirely dependent on ferry services. Uniquely, these lifeline services are neither subsidised nor regulated; and are some of the most expensive per mile in the world. I consider this approach to be inequitable, particularly when compared to the model the Government has taken in respect of railway

¹³ *Isle of Wight Adult Social Care Market Position Statement*, 2018, p. 19 (para 1.2), https://ipc.brookes.ac.uk/market-position-statements/Isle_of_Wight_MPS_2018.pdf (accessed 12 September 2019).

¹⁴ *Isle of Wight Adult Social Care Market Position Statement*, 2018, p. 46 (para 2.12.9.2), https://ipc.brookes.ac.uk/market-position-statements/Isle_of_Wight_MPS_2018.pdf (accessed 12 September 2019).

¹⁵ *Isle of Wight Health and Care Sustainability Plan*, January 2019, p. 2, <https://www.iow.nhs.uk/Downloads/TrustBoard/2019/IOW%20public%20board%20meeting%20-%20Isle%20of%20Wight%20health%20and%20care%20%20sustainability%20plan%20v3.pdf> (accessed 12 September 2019).

¹⁶ Article: *Isle of Wight: Highest prevalence of recorded Dementia cases in UK*, Isle of Wight NHS Team, 13 January 2014, <https://onthewight.com/isle-wight-highest-prevalence-recorded-dementia-case/> (accessed 12 September 2019).

¹⁷ *Living Well With Dementia On The Isle of Wight 2014-19*, https://www.iow.nhs.uk/Downloads/Strategies%20and%20Policies/PR030914-Dementia_Strategy_Document.pdf (accessed 12 September 2019).

¹⁸ Article: *Isle of Wight: Highest Adult Mental Health Admissions in the Country*, 5 March 2019, <https://iwradio.co.uk/2019/03/05/isle-of-wight-highest-adult-mental-health-admissions-in-the-country/> (accessed 12 September 2019).

¹⁹ *Transforming Acute Services for the Isle of Wight*, Isle of Wight Clinical Commissioning Group, 1 February 2019, p. 4, <https://www.iow.nhs.uk/Downloads/My%20life%20a%20full%20life/ASR%20Programme%20Report%20for%201st%20Feb%202018%20w.%20appendices.pdf>

²⁰ Hansard, *Local Authority Budgets*, Volume 660, 21 May 2019 <https://hansard.parliament.uk/Commons/2019-05-21/debates/54200DFB-E05D-4807-8D4E-F9664A85389F/LocalAuthorityBudgets#contribution-CEA275A9-656E-4194-A1EE-51D130A70CFE> (accessed 12 September 2019).

services. The latter are not - in most instances - the only available mode of transport, yet they are regulated and subsidised (where required) to ensure a continued public benefit.

It is worth noting that one of our ferry operators (Wightlink) was – in its previous ownership (Sealink UK Ltd) – part of the railway network (in terms of ownership), before being privatised in 1984. Unlike the privatisation of the railways (in the 1990s), no regulation or franchising was put in place for these cross-Solent services, which has resulted in both the pricing and the availability of these services being entirely at the discretion of the operator. When the railways were privatised, the then Conservative Government made clear that it *“fully recognises the social and other benefits of regional and commuter services. It is committed to providing continuing subsidy to support them.”*

My starting point is, therefore, to explore how ferry services to and from the Isle of Wight could be transitioned towards broad parity with the arrangements for rail services, particularly given that they are as much - if not more - of a lifeline connection. It is worth noting that the costs involved in taking this approach would be considerably less than those associated with providing a bridge or a tunnel, and much more achievable in the short to medium term.

I wish to explore the following with Government:

- Support for the Isle of Wight Council to buy a majority share in one (or both) of the ferry operators and to put it into a franchise/concession model.
- Purchase of port facilities to allow new entrants to the cross-Solent transport market.
- Devolution of the management of the waters (i.e. the Solent) used to access the ports, giving the Isle of Wight Council the right to place obligations on the ferry operators in exchange for access being provided.
- A form of voluntary regulation, where subsidy is provided to the ferry operators in exchange for specific commitments on public service obligations.

There are also a number of additional infrastructure projects which would benefit from being taken forward. These are:

- Feasibility studies into extended rail from Ryde to Newport and Shanklin to Ventnor.
- A bridge across the River Medina.
- Completion of the Island's cycling network, especially the West Wight cycle route.

Although these are not specifically linked to Island status and will be pursued via other funding routes, it should be noted that the *Green Book* assessment - the Government's way of assessing public sector investment (and funding bids) - counts against the Isle of Wight because we are geographically isolated from the mainland. It is difficult for us to claim that a scheme in Cowes will benefit Fareham or Southampton, for example. Therefore, it is difficult for us to win government funding for projects. I would be keen to know how the Government intends to mitigate against this unintended prejudice against the Island.

In addition, I am examining if there any additional costs associated with the provision of education on the Island. If there are, these will be updated.

In Summation

- This letter consists of an evidence-based case which outlines the additional costs of providing public services on the Isle of Wight. The additional needs of Scottish islands are recognised in the Special Islands Needs Allowance.²¹ We believe the Isle of Wight also deserves an Island Needs Allowance.
- The priority areas are in the provision of local authority services (£7.1 million per annum, adjusted from 2015/16 figures), healthcare (£10.96 million per annum), and the integration of health, social care and public services in a combined model.
- Other areas include: Infrastructure (including agriculture), housing provision and cross-Solent transport (ferries).

Thank you for your consideration of these matters.

Kind Regards,



Robert Seely

Member of Parliament, the Isle of Wight

²¹ *Empowering Scotland's Island Communities*, published by the Scottish Government, 16 June 2014, <https://www.gov.scot/publications/empowering-scotlands-island-communities/pages/4/>, (accessed 21 October 2019).